

Message Text

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64

ACTION ARA-20

INFO OCT-01 ADP-00 EB-11 COME-00 OPIC-12 SCEM-02 AID-20

CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 INT-08 L-03 OMB-01 TRSE-00 RSR-01 /109 W

----- 077274

R 272310Z JUL 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4677

INFO AMEMBASSY MANAGUA

AMEMBASSY TEGUCIGALPA

AMEMBASSY GUATEMALA

AMEMBASSY SAN SALVADOR

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GUATEMALA ALSO FOR ROCAP

E.O. 11652: N/A

TAGS: ENRG, ETRD, EIND, CS, US

SUBJECT: ALLIED CHEMICAL'S MEETING WITH GOCR

REF: STATE 143278

1. TEVERBOUGH AND FLOWERS OF ALLIED CHEMICAL MET THIS MORNING WITH MINECON KOGAN TO REVIEW RECOPE SITUATION. IN BRIEF SUBSEQUENT REPORT TO EMBASSY BEFORE CATCHING HIS PLANE, FLOWERS REPORTED THAT MEETING WAS AMICABLE AND RESULTED IN AGREEMENT TO ESTABLISH A SPECIAL COMMITTEE OF GOCR AND COMPANY TO DEVELOP LONG-RANGE PLANS FOR ENGINEERING IMPROVEMENTS WHICH WILL BE RELATED TO PRICING STRUCTURE. COMMITTEE WILL MEET IN BOTH SAN JOSE AND HOUSTON.

2. FLOWERS REPORTED THAT CARLOS MANUEL CASTILLO WAS VERY ACTIVE IN THE MEETING AND GAVE CLEAR INDICATION THAT HE WILL CONTINUE TO BE PRINCIPAL GOCR ADVISOR ON LIMITED OFFICIAL USE

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RECOPE PROBLEMS.

3. FLOWERS SEEMED SATISFIED WITH THE MEETING AND HIS FIRST ASSOCIATION WITH KOGAN. LATER IN THE DAY, RECOPE MANAGER COVERSTON EXPRESSED TO EMBOFF SOME DISSATISFACTION THAT NO AGREEMENT WAS REACHED ON WHAT HE FELT WAS KEY ISSUE, A PRICE INCREASE FOR RECOPE'S PRODUCT. NEVERTHELESS, COVERSTON ADMITTED THAT THE GOCR SEEMED AWARE THAT RISING CRUDE PRICES IN FACT CREATE A PROBLEM FOR RECOPE (I.E., THAT RECOPE'S COMPLAINTS WERE NOT MERELY PART OF THE COMPANY'S NEGOTIATING TACTICS), AND WAS "SCARED." HE ALSO SEEMED TO FEEL THAT NOTABLE ABSENCE OF TENSION DURING MEETING THIS TIME, IN CONTRAST TO THE LAST MEETING, WAS A DECIDED PLUS.

4. COMMENT: DESPITE THE FACT THAT THE MEETING SEEMS TO HAVE ACHIEVED LESS THAN WE HAD HOPED, THE SPECIAL COMMITTEE MIGHT BE A VEHICLE FOR PRODUCING MORE OBJECTIVE RECOMMENDATIONS, THEREBY HELPING TO DEPOLITICIZE THE RECOPE ISSUE. RECENT NEWS ARTICLES ON THE RISE OF WORLD PRICES OF CRUDE SHOULD MAKE AN EVENTUAL PRICE INCREASE FOR RECOPE GO OVER SOMEWHAT BETTER. STILLWR IT IS NOT EASY FOR THE GOCR TO AUTHORIZE SUCH INCREASES IN AN ELECTION YEAR WHEN INFLATION IS ALREADY SOMETHING OF AN ISSUE.
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